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Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES  
FORMER DIRECTOR OF NEW YORK CITY  
NON-PROFIT WITH FRAUD AND EMBEZZLEMENT**

PREET BHARARA, the United States Attorney for the Southern District of New York, and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation ("DOI"), announced the arrest yesterday of DEBBY DENISE MATTHEW CAMPBELL, the former director of a New York City non-profit, on bank fraud and embezzlement charges arising out of CAMPBELL's work for the non-profit administering a summer youth employment program funded by New York City.

According to the Complaint unsealed in Manhattan federal court:

**The Summer Youth Employment Program Fraud**

The Caribbean and American Family Services, Inc. ("CAFS"), is a non-profit organization based in the Bronx, New York, that operates a number of programs for the benefit of New York City residents. Among the programs that CAFS has administered is a Summer Youth Employment Program ("SYEP"), a program funded by the New York City Department of Youth and Community Development ("DYCD") that is intended to provide New York City youth between the ages of 14 and 21 with summer employment and educational opportunities. For the summers of 2004 and 2005, CAFS contracted with DYCD to administer the SYEP program. CAFS enrolled 62 youths to participate in the SYEP program for the summer of 2004 and 69 youths to participate in the program in 2005. DYCD established that participants in the

SYEP program were to be paid \$6 per hour for a maximum of 25 hours per week, in funds paid directly to them by DYCD. The funds were paid via debit cards (the "Debit Cards") that were linked to bank accounts into which DYCD funds were wired based on time sheets submitted by CAFS to DYCD. Participants were able to use the Debit Cards to withdraw cash from ATM machines or to conduct other financial transactions.

DOI investigators learned from the Executive Director of CAFS (the "CAFS Director") that CAMPBELL was employed by CAFS from in or about 2004 until October 2005. The CAFS Director informed DOI investigators that during this period, CAMPBELL was responsible for overseeing all aspects of the SYEP, including soliciting participants in the SYEP, placing youth at out-of-city work sites, obtaining and distributing debit cards that were issued to the participants and for entering their work hours and other necessary information into a computer system that caused them to be paid via the debit cards.

During the Summer of 2005, monitors with DYCD conducted an unannounced visit to one of the sites at which the SYEP purportedly operated. Only eight of the 25 youths who were employed at the site, according to the CAFS SYEP records maintained by CAMPBELL (the "CAFS Records"), were present. After first stating that the remaining youths were on a field trip, the person who was listed as the site supervisor admitted that he had never seen the absent youths and that the eight who were present were serving as counselors for a summer camp operated at the site.

On August 5, 2005, DYCD suspended the CAFS SYEP and froze the Debit Cards, preventing any funds that remained in bank accounts associated with the Debit Cards from being withdrawn. DOI investigators interviewed the site supervisor, who said that CAMPBELL had offered to supply and pay for counselors at the site under the SYEP. The site supervisor stated that among the SYEP participants who worked as counselors at Sacred Heart School were CAMPBELL's son (the "Son") and another youth ("Youth-1") who resided with CAMPBELL. The site supervisor was shown time sheets and site evaluations that were among the SYEP records he had purportedly reviewed and signed, and stated that the signatures were not his.

In addition, DOI investigators discovered that during the summer of 2005, CAFS SYEP programs at two other sites for which CAMPBELL had purportedly hired and arranged to pay participants, were in fact not in operation, even though the SYEP Records maintained by CAMPBELL indicated that there were 15

youths employed at one of the sites and nine youths employed at the other site. Materials prepared by CAMPBELL and submitted to DYCD concerning one of those sites listed CAMPBELL's residence as the purported work site.

Records maintained by CAFS included letters purportedly prepared by an organization named Family & Community Services, Inc., which claimed to be written by a social worker named "Cynthia Bloomingdale," and asserted that the listed participants in the SYEP program were homeless youths who resided at FCS-operated group homes at an address in Jackson Heights (the "Jackson Heights Residence") or at another location in the Bronx. The letters asserted that they were being provided to CAFS "to provide proof of address and income" for youths residing in these group homes so that they could participate in the SYEP program. DOI investigators interviewed two former employees of FCS following discovery of the FCS letters, who stated that FCS did not operate group homes; that CAMPBELL had worked at FCS for several months, but she stopped showing up at work in mid-2005 following purported problems with her health; that they could not confirm that FCS employed an individual named "Cynthia Bloomingdale"; and that the FCS Letters were forgeries.

Further investigation revealed that the property at the address at which the Jackson Heights Residence was purportedly located was owned by an estate of another individual for which CAMPBELL's spouse was the executor. DOI investigators examining the CAFS Records could not locate or identify several of the youths who were listed on the 2005 FCS Letter as residing at the Jackson Heights Residence, even though according to the records, they were employed by and received compensation for participation in the SYEP. The CAFS Records related to these youths contained nonexistent social security numbers and other information that could not be traced to any identifiable person. DOI investigators located some of the youths who were listed in CAFS records as having participated in the 2005 SYEP, including one whose parent stated that the youth never lived in New York City, never worked for the CAFS SYEP, and did not get paid for participating in the CAFS SYEP.

Bank records reviewed by DOI show that over \$45,000 in DYCD funds were disbursed into the bank accounts of purported 2004 program participants. Over \$20,000 of those funds were disbursed to 25 individuals who purportedly lived in the Jackson Heights Residence, and approximately \$20,000 of those funds were spent. Several substantial debit card purchases and ATM withdrawals on the Debit Cards were made in the vicinity of CAMPBELL's residence during the Fall of 2004 and Winter of 2005, even though each of the youths who reportedly participated in the SYEP Program purportedly resided in New York City.

For example, bank records indicate that the Debit Cards were used eleven times at an A&P Grocery Store in the vicinity of CAMPBELL's residence between August 3, 2004, and March 12, 2005. Between June 2, 2004, and December 31, 2004, CAMPBELL's personal debit card was used nine times at the same grocery store. Bank accounts associated with the Debit Cards purportedly issued to youths who participated in the 2005 SYEP were funded with approximately \$37,817 from DYCD, and approximately \$12,910 of that funding had been spent at the time that DYCD froze the Debit Cards in August of 2005. Several substantial debit card purchases and ATM withdrawals on the Debit Cards were made in the vicinity of CAMPBELL's residence using the Debit Cards issued to these youths. For example, the Debit Cards were used nine times at an ATM in the vicinity of CAMPBELL's residence in between July 23, 2005, and August 5, 2005. Between June 27, 2005, and September 16, 2005. CAMPBELL's personal debit card was used eight times at the same location, and on one occasion one of the Debit Cards and CAMPBELL's personal debit card were used to withdraw cash from the same ATM on the same day.

### **The 21st Century Learning Centers Fraud**

In the course of investigating the CAFS SYEP program, DOI investigators came to learn about another non-profit organization, the Mid-Bronx Senior Citizens Council, Inc. ("Mid-Bronx"), which operates a number of programs for the benefit of residents of New York City. Among the programs that Mid-Bronx administered was the 21st Century Community Learning Centers Program (the "21st Century Program"), an after-school enrichment program that was funded by a contract issued by the United States Department of Education. DOI investigators learned from the attorney for Mid-Bronx, and from materials maintained by the United States Department of Education, that Mid-Bronx received a federal grant valued at over \$1.2 million to operate 21st Century Learning Centers at multiple locations from 2004 to 2008.

From about 2004 to March 2007, CAMPBELL served as the director of the 21st Century Program for Mid-Bronx. In March 2007, CAMPBELL was terminated from her position as director of the 21st Century Program after it was discovered that CAMPBELL was in fact working full-time at another job, for the Police Athletic League ("PAL"), at the same time she was purportedly working full-time for the 21st Century Program.

CAMPBELL's bank records show that checks issued by Mid-Bronx to eight different individuals other than CAMPBELL and CAMPBELL's daughter had been double-endorsed, purportedly by these eight individuals and by CAMPBELL, and deposited into CAMPBELL's bank account (collectively, the "Double-Endorsed

Checks"). The total value of the Double-Endorsed Checks is over \$18,000. DOI investigators who reviewed records maintained by Mid-Bronx related to the 21st Century Program discovered that the eight individuals in whose names the Double-Endorsed Checks were issued were purportedly employed as instructors or assistants with the 21st Century Program. DOI investigators further confirmed that the Double-Endorsed Checks were paid out of federal 21st Century Program funds for wages earned as a result of their employment with the 21st Century Program. DOI investigators were able to contact four different individuals among the eight payees on the Double-Endorsed Checks, who told the investigators, in sum and substance, that they had not endorsed their checks to CAMPBELL.

CAMPBELL, 46, of Walden, New York, is charged in the Complaint with two counts of bank fraud and one count of embezzlement of federal funds. The bank fraud counts each carry a maximum sentence of 30 years in prison and a maximum fine of \$1 million, or twice the gross gain or loss from the offense. The embezzlement count carries a maximum sentence of 10 years in prison.

Mr. BHARARA praised the investigative work of the New York City Department of Investigation.

"Debby Campbell was entrusted with public funds to help disadvantaged youth, but instead allegedly chose to help herself. We will continue to work with our partners at the Department of Investigation to root out fraud and corruption in the administration of New York City's essential social service programs," said United States Attorney PREET BHARARA.

"The defendant abused her position and methodically stole money that was supposed to put young people to work and advance their education, according to the complaint. DOI continues to work with the U.S. Attorney's Office for the Southern District of New York to expose this kind of insider fraud at non-profits," said DOI Commissioner ROSE GILL HEARN.

The case is being prosecuted by the Office's Public Corruption Unit. Assistant United States Attorney HOWARD S. MASTER is in charge of the prosecution.

The charges against DEBBY DENISE MATTHEW CAMPBELL contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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